GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:220
ANSWERED ON:09.05.2016
Acquisition of Assets Abroad by ONGC/OVL
Singh Shri Uday Pratap;Vanaroja Smt. R.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of oil and gas blocks acquired by Oil and Natural Gas Corporation Limited (ONGC)/ONGC Videsh Limited (OVL)/Oil Marketing Companies (OMCs) along with status of commercial production in these oil and gas blocks, company/country/block-wise;
(b) whether the recent crash in crude oil prices has affected the OVL to maintain lower production cost and positive cash flow and if so, the details thereof along with corrective steps taken in this regard, company/country/block-wise;
(c) whether OVL is conducting oil and natural gas exploration in the South China Sea in economic cooperation with Vietnam Government and if so, the details thereof;
(d) whether the Government has received any representation from China in this regard and if so, the details thereof along with the response of the Government thereto;
(e) whether ONGC/OVL and OMCs including IOCL have bought/proposes to buy stake in the Russian Oil fields in Siberia and have signed agreements/Memorandum of Understanding (MoU) with Rosneft to develop Vankor cluster fields of Suzunskoye, Tagulskoye and Lodochnoye; and
(f) if so, the details thereof along with the amount proposed to be invested as a result of these agreements and MoU, company-wise and the benefits likely to accrue to the country therefrom?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)
(a) to (f): A statement is laid on the table of the House.
STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 220 BY SHRIMATI VANAROJA R AND SHRI UDAY PRATAP SINGH TO BE ANSWERED ON 09TH MAY, 2016 REGARDING ACQUISITION OF ASSETS ABROAD BY ONGC/ OVL
(a) The details of oil and gas blocks along with the status of commercial production are placed at ANNEXURE A.
(b) While the crude prices have decreased considerably in the recent times, the cost of Exploration and Production activities has not decreased at the same rate, except expenditure on services. Therefore, the recent crash in the crude prices has adversely affected the cash flow of ONGC Videsh Limited (OVL).
(c) OVL has signed Production Sharing Contracts (PSCs) for exploratory blocks 127 and 128 with 100% Participating Interest (PI) in Offshore Phu Khanh Basin, in Vietnam in May 2006. Investment license was issued for the two blocks in June 2006. After completion of the exploratory work OVL did not find any indication of hydrocarbon in Block 127. The block was, therefore, surrendered in December 2010. The Block 128 is under extended Exploration Phase-I and committed exploratory work program in this Block has been completed. OVL also has an offshore gas producing block 06.1 in Vietnam with 45% PI.
(d) In November 2007, the Embassy of China in New Delhi made a demarche on these contracts to the Ministry of External Affairs, claiming China's undisputed sovereignty on the area covering the two blocks. The Vietnamese side, however, reaffirmed its sovereign rights on the area of these two blocks in January 2008. OVL has accordingly, continued its exploration activities.
(e) An Indian Consortium, comprising of Indian Oil Corporation Limited (IOCL), Oil India Limited (OIL) and Bharat Petro Resources Limited (BPRL), jointly signed Share Purchase Agreement with Rosneft of Russia on acquiring 29.9 % share in Taas-Yuryakh. They also signed a Heads of Agreements with Rosneft of Russia on acquiring of 23.9% share in Vankorneft. The Indian Consortium also signed an MoU with Rosneft of Russia for acquiring stakes in Vankor cluster. OVL separately signed an MoU with Rosneft of Russia regarding acquiring of 11% share in Vankorneft. Earlier OVL had signed a SPA with Rosneft for acquisition of 15% share in Vankorneft.
(f) The final sales contracts have not yet been signed in all these cases.